

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroomPublic Contact: 800.829.1040

IRS Announces New Tax Exempt Bond Pilot Program to Mediate and Speed Up Resolution Disputes

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WASHINGTON — The Internal Revenue Service today launched a pilot program to expedite the resolution of cases under examination in the IRS Tax Exempt Bond organization. The IRS believes the program, which uses the services of trained mediators to help resolve factual disputes between bond issuers and the IRS, will provide significant benefits both to issuers and the IRS.

The Tax Exempt Bond Mediation Dispute Resolution Pilot Program (TEB Mediation) will use the services of trained mediators from the IRS Office of Appeals to resolve cases. TEB Mediation takes place after the IRS analyzes the issues under examination and advises the bond issuer of its preliminary adverse finding, but before it sends out the proposed adverse determination letter. The mediation process is designed to be completed in 60 days or less.

TEB Mediation is generally available in bond cases under examination where a limited number of unagreed issues exist. It is optional and both parties must agree to use mediation. An Appeals officer with tax-exempt bond experience will serve as mediator, but bond issuers may also elect to use a non-IRS co-mediator at the issuer's expense.

"We think this new program will be a useful resolution tool that will provide significant benefits to bond issuers and the IRS," said Evelyn Petschek, Commissioner of IRS's office of Tax Exempt and Government Entities. "It will use the services of an expert independent party to mediate issues and bring early resolution to cases that might otherwise be very time- and resource-consuming on both sides."

Procedures for initiating a request for mediation and other details of the TEB Mediation pilot are in IRS Announcement 2003-36, issued June 3, 2003. The program is available immediately. The Announcement also contains a model agreement as well as a solicitation for comment on the program.

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